

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)	
CORPORATION FOR A LIMITED DEVIATION)	
FROM THE REQUIREMENTS OF 807 KAR 5:022,)	CASE NO. 2004-00275
SECTION 4(23)(b)(1)-(4) AND 807 KAR 5:022,)	
SECTION 14(22)(a))	

ORDER

Atmos Energy Corporation ("Atmos") has applied for a limited deviation from Administrative Regulation 807 KAR 5:022, Section 4(23)(b)(1) – (1), and 807 KAR 5:022, Section 14(22)(a). These regulations require a gas utility to install exterior shutoff valves at specific locations on gas pressure regulator stations and to locate recording pressure gauges on its system to monitor gas pressure.

Atmos's request arises from a routine inspection of Atmos facilities that Commission Staff conducted in 2003. During this inspection, Commission Staff discovered a number of gas regulator stations that failed to comply with Commission regulations. Atmos had connected several customer services to its transmission pipelines to serve customers in isolated sections of its service area. In many of these instances, multiple customers were served through a single regulator. While Atmos originally considered these services to be "farm taps" and thus not subject to Administrative Regulation 807 KAR 5:022, it subsequently accepted the findings of a

Commission Staff Comprehensive Inspection Report¹ that the connections constituted a "distribution system" and were subject to the requirements of Administrative Regulation 807 KAR 5:022.² It identified 412 regulator locations that required corrective action and proposed to bring these locations into compliance with Commission regulations no later than October 1, 2005.³

Atmos now seeks a deviation to relieve it of its obligation to bring 59 locations⁴ into compliance with Administrative Regulation 807 KAR 5:022, Section 4(23)(b)(1) -- (4), and 807 KAR 5:022, Section 14(22)(a). It contends that bringing these locations into strict compliance is neither cost-effective nor reasonable and that a limited deviation is appropriate.

Atmos states that, in the 59 locations at issue, it lacks right-of-way access available to locate an "exterior shutoff valve" at least 40 feet from its regulator station as Administrative Regulation 807 KAR 5:022, Section 4(23)(b) requires. In lieu of installing an exterior shutoff valve, Atmos proposes to install an excess flow valve - a device that automatically shuts off gas flow when a high flow rate is detected - on the inlet side of each identified regulator station. Atmos contends that, since excess flow valves function automatically in the event of a rupture or major pipeline break, the installation of

¹ David Kinman, Comprehensive Inspection Report -- Atmos Energy Corporation (Puducuh Service Area) (Aug. 21, 2003).

² Letter from Barry E. Wigginton, Manager, Atmos Energy Corporation, to Eddie B. Smith, Manager, Gas Branch, Kentucky Public Service Commission (Sept. 19, 2003).

³ Letter from Barry E. Wigginton, Manager, Atmos Energy Corporation, to Eddie B. Smith, Manager, Gas Branch, Kentucky Public Service Commission (Dec. 16, 2003).

⁴ For a list of the 59 locations, see Supplemental Information Requested By Commission Staff at Informal Conference, Item No. 1.

such device provides greater safety than the installation of a manually operated shutoff valve.

Atmos further states that the installation of a recording pressure gauge at each of the 59 locations is unnecessary and impractical. Each location serves no more than 13 customers. Most serve no more than 4 customers. Atmos notes that each of the regulator stations in question have pressure relief devices and thus have adequate over pressure protection. It further notes that any low pressure incident would simply result in a service outage to which Atmos would be notified as the affected customer. Accordingly, it argues that maintaining separate recording pressure gauges for the locations in question would serve no meaningful purpose.

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds:

1. Atmos's compliance plan sets out procedures for gas flow control at remote regulator stations that are more stringent in certain aspects than Commission regulations require.
2. The requested deviation from Administrative Regulation 807 KAR 5:022, Section 4(23)(b) will not reduce the quality of service provided to the customers in question or result in an unsafe practice or endanger the public.
3. The installation of recording pressure gauges at remote locations for small groups of customers will not contribute to safety or improve the quality of service.
4. Good cause exists to permit Atmos to deviate from the requirements of Administrative Regulation 807 KAR 5:022, Section 4(23)(b)(1) – (4), and 807 KAR 5:022, Section 14(22)(a) at the locations listed in Appendix A.

Done at Frankfort, Kentucky, this 20th day of January, 2005.

By the Commission

ATTEST:

Executive Director

Case No. 2004-00275

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00275 DATED JANUARY, 20, 2005.

9/20/2004

**Listing of Locations for Proposed Excess Flow Valves instead of Emergency valves
On Farm Tap Station Revisions (Case No. 2004-00275)**

Location	County	Number of Meters	Type Feed *	Pipeline Owner
Bowling Green				
801 Campbell Lane	Warren	4	Single Regulator	Texas Gas
Louisville Rd and Firestone	Warren	6	Single Regulator	Atmos
Franklin				
JL Farmer Rd	Simpson	6	Single Regulator	Texas Gas
Lewis Memorial Apt	Simpson	7	Single Regulator	Atmos
3690 Bowling Green Rd	Simpson	6	Single Regulator	Texas Gas
3980 Bowling Green Rd	Simpson	4	Single Regulator	Texas Gas
Hopkinsville				
4490 Pembroke Rd	Christian	4	Single Regulator	Atmos
10167 Fruit Hill Rd	Christian	4	Single Regulator	Atmos
7860 Greenville Rd	Christian	4	Single Regulator	Atmos
7080 Greenville Rd	Christian	7	Single Regulator	Atmos
6610 Greenville Rd	Christian	4	Single Regulator	Atmos
6250 Greenville Rd	Christian	4	Single Regulator	Atmos
4525 Pembroke Rd	Christian	3	Single Regulator	Atmos
14207 Madisonville Rd	Christian	4	Single Regulator	Atmos

NOTE: • Each location complies with 49 CFR Part 192 requirements for recording gauges since each system is supplied through a single regulator station.

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Location	County	Number of Meters	Type Feed *	Pipeline Owner
Mayfield				
276 State 1710	Graves	3	Single Regulator	Texas Gas
276 State Route 1242	Graves	3	Single Regulator	Texas Gas
1550 State Route 1241	Graves	3	Single Regulator	Texas Gas
1899 State Route 1241	Graves	3	Single Regulator	Texas Gas
2915 State Route 1241	Graves	3	Single Regulator	Texas Gas
642 State Road	Graves	5	Single Regulator	Texas Gas
962 E Slaughters	Graves	6	Single Regulator	Texas Gas
99 East Vaughn Rd	Graves	7	Single Regulator	Texas Gas
58 Powell Rd	Graves	7	Single Regulator	Texas Gas
Golo Rd	Graves	13	Single Regulator	Texas Gas
Paducah				
Hwy 60 & James Sanders	McCracken	3	Single Regulator	Atmos
Ogden Landing & Bethel RD	McCracken	3	Single Regulator	Atmos
268 Japonica	McCracken	14	Single Regulator	Atmos
2120 Knob Hill Rd	McCracken	3	Single Regulator	Atmos
453 & 124	McCracken	4	Single Regulator	Atmos
Marion				
2223 US 641	Crittenden	5	Single Regulator	Atmos

NOTE: * Each location complies with 49 CFR Part 192 requirements for recording gauges since each system is supplied through a single regulator station.

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Location	County	Number of Meters	Type Feed *	Pipeline Owner
Russellville				
Vance Lane	Logan	3	Single Regulator	Texas Gas
Mendall Bond	Logan	5	Single Regulator	Texas Gas
19 Sulfur Spg Rd	Logan	4	Single Regulator	Texas Gas
2255 Trimble Rd	Logan	5	Single Regulator	Texas Gas
Shelbyville				
558A Pearce Ind.	Shelby	3	Single Regulator	Atmos
1091 Brooks Ind.	Shelby	4	Single Regulator	Atmos
9377 Shelbyville Rd.	Shelby	3	Single Regulator	Atmos
720 Mt. Eden Rd	Shelby	3	Single Regulator	Atmos
Owensboro				
7223 Hwy 81	Daviess	6	Single Regulator	Atmos
6836 Hwy 81	Daviess	5	Single Regulator	Atmos
2414 Hwy 81	Daviess	7	Single Regulator	Atmos
5065 Jack Hinton Rd	Daviess	7	Single Regulator	Atmos
5444 Jack Hinton Rd	Daviess	7	Single Regulator	Atmos
4640 Haycraft Rd	Daviess	12	Single Regulator	Atmos
2040 Old Calhoun Rd	Daviess	4	Single Regulator	Atmos
Earl Lane	Daviess	4	Single Regulator	Atmos
15 Carter Rd	Daviess	3	Single Regulator	Atmos
210 Hillbridge Rd	Daviess	10	Single Regulator	Atmos

NOTE: * Each location complies with 49 CFR Part 192 requirements for recording gauges since each system is supplied through a single regulator station.

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Location	County	Number of Meters	Type Feed *	Pipeline Owner
Whitesville				
8218 Crisp Rd	Daviess	5	Single Regulator	Atmos
Calhoun				
421 Locust Grove Rd	McLean	7	Single Regulator	Texas Gas
Hartford				
Russell Road	Ohio	6	Single Regulator	Atmos
Girl Scout Rd & Pleasant Ridge RD	Ohio	8	Single Regulator	Atmos
Buford Rd & Hwy 231	Ohio	11	Single Regulator	Atmos
Mt Carmel & Barnetts Creek RD	Ohio	9	Single Regulator	Atmos
Stinson Loop & 231	Ohio	10	Single Regulator	Atmos
Hwy 1737 & Silver Beech	Ohio	8	Single Regulator	Atmos
Lake Hall Subdivision	Ohio	13	Single Regulator	Atmos
Hawesville				
2225 Indian Lake Rd	Hancock	4	Single Regulator	Atmos
800 Rt Hwy 69	Hancock	5	Single Regulator	Atmos

Total Atmos Energy Locations

59 sites

333 meters

NOTE: * Each location complies with 49 CFR Part 192 requirements for recording gauges since each system is supplied through a single regulator station.